The New Frontier Throttles Dixie Industry

NLRB Seeks to Halt Factory Trek Southward

IN RECENT YEARS the South has enjoyed tremendous success in its attempts to convert its economy from one based primarily on agriculture to a balanced economy based on both agriculture and industry.

To fully appreciate the progress which has been made requires some knowledge of the historical factors involved. Anyone possessing such knowledge understands when he hears a Southerner speaking in boastful terms of the healthy industrial climate which is attracting more and more industries into the area. Especially since the end of World War II has the South blossomed forth as one of the most profitable areas in the country for both labor and management.

Many factors, of course, must be taken into consideration in determining the location of a new factory or new industry, and advantages which under normal circumstances would be controlling can be neutralized by the slightest change in government policy.

During the past year there have been several actions by the national government which have had the effect of hampering the further steady industrialization of the South. One such action is the decision by the National Labor Relations Board in the recent case involving Daniel Construction Company, Inc., of Greenville, South Carolina. This company has operations extending throughout the Southeast and is engaged primarily in building industrial and commercial plants. Its workers are hired on a temporary basis at the job site and the duration of the employment is dependent on the length of time necessary to complete the project under construction. This type work is highly seasonal in nature.

Under these circumstances, where a person might work for the company only once in a lifetime and then for only a brief period of time, the difficulties attending a wide-scale unionization effort become apparent.

On February 24, 1961, the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry filed a petition with the NLRB's Regional Office in Winston-Salem, North Carolina, seeking certification as the exclusive bargaining representative of "all journeymen plumbers, pipefitters, pipefitter welders and pipefitter helpers employed by Daniel Construction Company, Inc., performing plumbing and pipefitting building and construction work in the states of North Carolina, South Carolina, Tennessee, Alabama, Georgia and Florida."

Before this application there had been much academic speculation over whether this type operation lent itself to the establishment of such a scattered bargaining unit, especially considering the extent to which it depends on transient labor.

Not only did the Board's final order grant the full six-state bargaining privileges which the union sought, but it also decreed that persons not presently employed by the company could vote in the representation election if they had worked for the company for as much as 30 days during the previous year or 45 days during the preceding two years, provided that they had worked "some" during the previous year also.

The use of mail ballots was also authorized. The union anticipated this action and so informed the employes by circular *before* the Regional Office had authorized their use.

These actions gave rise to a considerable concern from many persons, particularly on Capitol Hill. Representative Phillip M. Landrum (D-Ga.) long noted as an authority in the field of labor law and a co-author of the Landrum-Griffin Act, wrote, in a letter to the Chairman of the National Labor Relations Board:

"I have read with amazement, and considerable alarm, the decision announced by the National Labor Relations Board in the case of Daniel Construction Company . . . " He expressed his particular alarm over the allowance of the mail ballot in this case and the decision to permit voting by non-employes.

If previous attempts to unionize the South had proved frustrating for union leaders, this one must have been doubly so, for even with the aid of this NLRB order the union was rejected by the workers in the representation election. This election defeat emphasizes the basic reason underlying the South's success in resisting the frequent attempts to unionize the entire area. For workers themselves once again displayed their reluctance to surrender their independence and influence to the union bosses.

ANOTHER INSTANCE of NLRB action which could hamper the further industrial growth of the South is the case of Personality Blouses of Ware Shoals, South Carolina. This firm operated a plant in Philadelphia for many years before deciding to open an additional plant in South Carolina.

The management of the company was well

pleased with the performance of the working force in the new plant. In a brief time the operations at the Ware Shoals plant achieved peak efficiency and the merchandise produced there was the highest quality. It later developed that the Philadelphia plant could not operate competitively and in the exercise of sound business judgment the decision was made to curtail operations in Philadelphia and relocate entirely in South Carolina.

When the Philadelphia plant was closed the union which represented the workers there filed an unfair labor practice complaint with the National Labor Relations Board. The Regional Office of the NLRB in Philadelphia dismissed the complaint, but the union appealed this decision to the NLRB General Counsel who ordered the complaint reinstated.

Following a full hearing in Philadelphia, the trial examiner found that the plant closing was prompted by valid economic reasons and was not an unfair labor practice. He recommended, however, that the company negotiate with the union regarding employment of the Philadelphia workers in Ware Shoals. The union objected to the trial examiner's findings and an appeal was taken to the Board itself.

The Board confirmed the trial examiner's finding that the plant closing was prompted by valid economic reasons, yet held that the company must offer employment to the Philadelphia workers, pay their moving expenses and ordered full restitution for loss of wages.

The latter decision is incompatible with the former, and it is obvious that enforcement of this order would have dire financial consequences on any company, no matter how wealthy the company may be. This decision sets a dangerous precedent and could well have adverse effects on industrialization efforts in the South.

ONE MORE INSTANCE of arbitrary action on the part of the government has been the cancellation of a contract with the Fouke Fur Company by the Department of the Interior. The Fouke Fur Company is a fur-processing plant with its main offices and principal operations in St. Louis, Missouri.

The majority of the company's business is contract work for the government on furs from seal herds administered by the United States under the terms of treaties. The company has been performing this work for the government for ap-

NLRB Decisions Hit by Senator Thurmond

Senator Strom Thurmond (D.-S.C.), aware of the problem, has had this to say about recent NLRB decisions which have affected industrialization in the South:

"It has become apparent that a concentrated effort to halt the industrialization of the South is being implemented. The steps of this drive are receiving assistance from various branches of government, particularly the National Labor Relations Board. For years, large national labor unions have spent untold sums attempting to get workers in the Southland to join their organizations and participate in their activities. By and large, the labor unions' efforts have, until quite recently, been miserable failures.

"Now it appears that the sugar has been put aside and a stick taken in hand. The stick consists of orders of agencies of the Federal government.

"Several official actions have attested to the new drive. The National Labor Relations Board reversed standing policies and decisions by approving an operation known as the 'agency shop.' This decision, which, in my opinion, violates the National Labor Relations Act, approves as legal a requirement that employes who refuse to join a labor union, even in a state where right-to-work laws exist, can be required to pay dues to a union in order to continue to hold their jobs. This decision is in direct conflict with Section 14-b of the National Labor Relations Act.

"There has also been a ruling that a company, Personality Sportswear, Inc., which moved its operations to Ware Shoals, South Carolina, had to offer re-employment to its former employes in another state.

"In another decision, the National Labor Relations Board violated all precedents by establishing a unit for a representation election in the construction industry which encompasses construction by a particular company in six states and includes not only current employes, but also former employes, even though they had worked for negligible periods in the past two years. This is the Daniel Construction Company case. This company has an office at Greenville, South Carolina.

"Because of the asserted individuality and independence of Southern workers, the national labor unions, in conjunction with the present Administration, are attempting to prevent any further industralization of the South and attempting to prevent the creation of any additional industrial jobs for Southern workers. In the Ware Shoals matter, they are attempting to deprive Southern workers of the jobs which they already have. This is a despicable development which deserves the indignant and forceful opposition of the Southern people, which I am sure it will receive. I will personally do my utmost to defeat this drive, which is designed to prevent further industrialization in the Southern states."

proximately 40 years. However, when the company announced its intention to relocate its operations in Greenville, South Carolina, the contract with the government was cancelled effective December 31, 1962.

The news release of the Department of the Interior dated November 30, 1961, stated that "the decision to end the contract stemmed from the company's notice to the Department that it will move its operations from St. Louis to Greenville, South Carolina . . . " The news release went on to add: "In view of the extent to which the Fouke Fur Company is engaged in doing business with the government, its decision to relocate without consulting or discussing plans with the Department of the Interior, and because of the adverse impact such relocation will have on the economy of the city of St. Louis as well as the company's employes and their families, . . . the Department had no alternative but to conclude that the company does not possess the business characteristics so essential to a negotiated contract with the Federal government."

It is indeed significant that news reports revealed that the proposed move was brought to the attention of the Interior Department by Meatcutters Union Local No. 88 of St. Louis, the union representing the employes of the St. Louis plant. It is difficult to conclude that this action constituted anything other than economic coercion by the government and preferential treatment for one section of the country over another.

Should such economic sanctions through the use of the large number of government contracts become accepted practice, this could result in stringent economic control by the national government of many business decisions, affecting every section of the country.

RECENTLY, the Department of Labor made a tentative decision determining the prevailing minimum wage in the office, computing and accounting machines industry under the provisions of the Walsh-Healey Public Contracts Act.

This Act establishes minimum requirements and conditions of employment for companies which contract directly with a government agency or department, and applies when the value of the contract exceeds $10,000. Of necessity, the Secretary of Labor is allowed some discretion in the determination under the Act, and the section of the Act which is most pertinent to this decision reads as follows:

" . . . all persons employed by the contractor . . . will be paid . . . not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the materials, supplies, articles, or equipment are to be manufactured or furnished under said contract."

The MOST DISCERNING DRAW IN THESE HERE PARTS

It is clear from the wording of this Act and its legislative history that the minimum wage determination is to be restricted to particular localities, but in this tentative decision it was held that this minimum wage would be applied *throughout* the United States. This arbitrary departure from the obvious intent of Congress will result in situations where employes engaged in the same type work will be receiving different wages merely because one is working on material for the government.

If the determination were restricted to particular localities as Congress intended, this discrepancy would not exist.

These actions, when considered separately, are serious enough to give pause to worry, but when considered together indicate a concerted campaign which is clear in its implications. If the current trend continues, it could impede the steady industrial progress of the South, and result in making the South, as the late Franklin D. Roosevelt once described it, "The Nation's No. 1 Economic Problem."